

Artisanal gold and transformational exchange: toward a public-private partnership in Tanzania

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Abstract

Human rights abuses, environmental predations and governance failures plague artisanal gold mining in Tanzania.¹ Gold's exchange value and the illegality of most artisanal gold product challenge the traditional fair trade model, a potential solution. Additionally, memories of the government's earlier failed effort to serve as a sole purchaser of artisanal gold undercut enthusiasm for statist interventions. This paper presents an alternative: a public-private partnership (PPP) that would engage one or more private banks, an agency within the Ministry of Energy and Minerals and NGOs or international initiatives specifically aimed at improving conditions for artisanal mine operators. The concept of transformational exchange, wherein a set of business transactions substantially affect societal expectations, modify behavior and promote sustainable mechanisms, frames the proposal.

Methodology

The first visit included multiple sessions with private sector executives and Tanzanian political scientists currently or formerly associated with the University of Dar es Salaam, in addition to discussions with miners living near Morogoro. The second visit included site visits to the Shinyanga and Mwanza regions, as well as meetings with representatives of one major international mining firm, former government ministers and the head of World Bank operations in Tanzania among others. The visits to Shinyanga and Mwanza yielded an assessment of the operational ability of the potential private sector partner, based on interviews with employees and management at three gold purchasing facilities and one refinery. A testing of the feasibility of the proposal, separate from more forthcoming detailed policy analyses, for the public sector was conducted through a series of discussions with the minister of energy and minerals, the president of the agency within that ministry that would serve as the government member of the PPP being proposed, and with other knowledgeable parties.